UNITED NATIONS

Convention to Combat Desertification

Distr.
GENERAL

ICCD/COP(5)/3/Add.3
21 August 2001

ORIGINAL: ENGLISH

CONFERENCE OF THE PARTIES
Fifth session
Geneva, 1-12 October 2001
Item 7(e) of the provisional agenda

IMPLEMENTATION OF THE CONVENTION

REVIEW OF AVAILABLE INFORMATION REGARDING THE FINANCING OF CONVENTION IMPLEMENTATION BY MULTILATERAL AGENCIES AND INSTITUTIONS, INCLUDING INFORMATION ON THE ACTIVITIES OF THE GLOBAL ENVIRONMENT FACILITY CONCERNING DESERTIFICATION THAT RELATE TO ITS FOUR FOCAL AREAS, AS SPECIFIED IN ARTICLE 20, PARAGRAPH 2 (b) OF THE CONVENTION

Note by the secretariat

Addendum

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 6	2
II.	BACKGROUND	7 - 17	3
III.	A NEW DEVELOPMENT REQUIRING APPROPRIATE ORIENTATION	18 - 22	4
IV.	POSSIBLE ACTION BY THE FIFTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UNCCD	23	5

GE.01-64246

I. INTRODUCTION

1. By its decision 9/COP.1, the Conference of the Parties (COP) decided to include as standing items on its agenda, *inter alia*:

a) the review of the implementation of the Convention, and of its institutional arrangements, pursuant to article 22, paragraphs 2 (a) and 2 (b), and article 26, of the Convention;

b) the review of available information regarding the financing of Convention implementation by multilateral agencies and institutions, including information on the activities of the Global Environment Facility (GEF) concerning desertification that relate to its four focal areas, as specified in article 20, paragraph 2 (b) of the Convention.

2. Pursuant to the provisions contained in paragraphs 9 and 14 of decision 11/COP.1 on procedures for the communication of information and review of implementation, relevant organs, funds and programmes of the United Nations system, as well as other intergovernmental and non-governmental organizations are encouraged:

a) to provide information, as appropriate, on their activities in support of the preparation and implementation of action programmes under the Convention;

b) to report, at each session, on activities taken to assist action programmes of those affected developing country Parties reporting to the session.

3. By its decision 14/COP.1, the Conference of the Parties invited the Council of the GEF to report as appropriate to the COP on matters relating to the issue of land degradation.

4. By its decision 5/COP.4, the Conference of the Parties, recalling also its decisions 9/COP.1, 2/COP.2 and 4/COP.3 on its programme of work, 10/COP.1 on the review of the implementation of the Convention, 11/COP.1 on procedures for the communication of information and review of implementation, decided to include in the agenda of its fifth session, among other issues, the review of available information regarding the financing of Convention implementation by multilateral agencies and institutions, including information on the activities of the Global Environment Facility concerning desertification that relate to its four focal areas, as specified in article 20, paragraph 2 (b) of the Convention.

5. Furthermore, based on decision 5/COP.4 and on the recent decision taken by the last GEF Council held in Washington DC in May 2001, the present document reports to the Conference of the Parties on the latest developments under this agenda item.

6. The decisions taken and actions suggested by the GEF Council during its May 2001 meeting constitute a follow-up to the decision passed at its November 2000 meeting, which requested the Chief Executive Officer to explore the best options for enhancing the support of the GEF in assisting affected countries, especially those in Africa, to implement the United Nations Convention to Combat

Desertification, taking into account the third replenishment of the GEF. This report also presents a scenario of the new developments as well as suggestions on possible action by the COP.

II. BACKGROUND

7. In his message to the fourth session of the Conference of the Parties to the UNCCD, the Secretary-General of the United Nations stated, "This Convention needs a financial mechanism, like the one the international community has already provided for its two sister conventions, those on Climate Change and Biological Diversity, and now also for the new Convention on Persistent Organic Pollutants, which has just been negotiated in Johannesburg." A similar message was conveyed to the GEF Council, through the Chief Executive Officer, by Mr. Harri Holkeri, President of the 55th session of the General Assembly, who stated that for so long this Convention has lacked adequate and predictable financial resources. In this regard, the President reiterated his hope that the General Assembly would lend its full support to the process leading to the GEF being the financial mechanism of the UNCCD.

8. The GEF Council decided at its November 2000 session to request its Chief Executive Officer to explore options for strengthening the support of the GEF for the implementation of the UNCCD. The Assistant Chief Executive Officer of the GEF informed the fourth session of the Conference of the Parties about this decision and the steps that were being undertaken to implement it.

9. The fourth session of the Conference of Parties, in its decision 9/COP.4, welcomed the ongoing collaboration between the GEF and the UNCCD and requested the Executive Secretary of the UNCCD to report to the fifth session of the Conference of the Parties on the follow-up to the GEF Council decision.

10. Pursuant to the November 2000 GEF Council decision, the GEF Chief Executive Officer consulted the UNCCD Executive Secretary on the best options for supporting the implementation of the Convention.

11. This dialogue focused on the policy rationale for providing the UNCCD with predictable and significant financial support, in view of the importance of desertification as a global environmental issue and its close interlinkages with the other global issues under GEF financial tutelage. It also assessed the lack of effectiveness of the indirect approach pursued so far by the GEF as provided for in its instrument, of linking land degradation to three of its focal areas. This evaluation revealed that under this modality the allocation of GEF resources for the support of UNCCD implementation was insignificant when compared to its support for the other global environmental issues.

12. Two alternatives were explored by the GEF as being viable to enhance its support to the UNCCD:

a) Strengthening the modality of land degradation activities linked to existing focal areas addressing the issue of land degradation in arid and semi-arid zones, by establishing specific sub-envelopes within the biodiversity, climate change and international waters portfolio; or

b) Designating combating desertification as a focal area of the GEF so that the GEF could become its principal financial mechanism, providing it with a predictable and well-funded mechanism under the authority of the COP of the Convention, as is the case with the CBD and UNFCCC conventions.

13. The GEF secretariat presented to the May 2001 meeting of the GEF Council a paper entitled Options to Enhance GEF Support for the Implementation of the United Nations Convention to Combat Desertification.

14. The Council of the GEF fully recognized that addressing the issue of land degradation is an integral part of the pursuit of sustainable development, poverty alleviation and synergies amongst the global environmental conventions. Consequently, the Council of the GEF agreed that the designation of land degradation (desertification and deforestation) as a GEF focal area should be pursued as a means for enhancing GEF support for the successful implementation of the United Nations Convention to Combat Desertification.

15. The Council requested the GEF secretariat, in collaboration with the GEF implementing and executing agencies, the secretariat and the Global Mechanism of the UNCCD, to prepare a more detailed note elaborating upon the modalities for such a designation for consideration at the Council meeting in December 2001. The note should also address the steps necessary for preparing an amendment to the instrument for approval at the second GEF Assembly in October 2002.

16. The Council expressed strong support for strengthening the efforts of the GEF to finance activities addressing land degradation (desertification and deforestation), and it agreed that these efforts should be enhanced while continuing the pursuit of the designation of land degradation as a focal area of the GEF.

17. The Council noted that GEF activities to address land degradation need to be integrated in national development policies and national planning. The paper for the next Council, to be prepared in consultation with the UNCCD secretariat and other parties, should therefore explore, *inter alia*, how GEF assistance can produce maximum impacts on the ground while leading to global environmental benefits.

III. A NEW DEVELOPMENT REQUIRING APPROPRIATE ORIENTATION

18. The agreement by the Council to designate land degradation as a GEF focal area in order to enhance GEF support to the implementation of the UNCCD, and the eventual amendment of the GEF Instrument for this purpose, brings a new impetus to the implementation of the Convention. Final decision by the GEF Council and approval by its Assembly would open a predictable and well-funded financial envelope that would be directly linked to the Convention. It would also provide significant resources to enable affected developing country Parties to the Convention to fulfil their obligations under the UNCCD.

19. This new situation would enable a more strategic and clear-cut focus on the standardized and concerted actions which are required to implement the UNCCD.

20. Recognizing that the fundamental objective of the GEF Council decision to designate land degradation as a focal area is to enhance GEF support for the successful implementation of the Convention, it is recommended that appropriate orientation instruments are agreed to between the COP of the UNCCD and the GEF Council in order to ensure that the activities to be financed are in full conformity with the policies, strategies and programme priorities established by the COP as the governing body of the Convention.

21. Article 21 of the UNCCD provides, *inter alia*, that "the Conference of the Parties shall promote the availability of financial mechanisms and shall encourage such mechanisms to seek to maximize the availability of funding for affected developing country Parties, particularly those in Africa, to implement the Convention". In view of the forthcoming amendment of the GEF Instrument to incorporate land degradation (desertification and deforestation) as a focal area for the successful implementation of the UNCCD, the COP may wish to recognize and establish the GEF as the principal financial mechanism of the Convention.

22. The COP may also wish to orient the eligibility criteria to be used by the GEF to support activities relating to the implementation of the UNCCD as well as a periodic determination of funding resources, to enable appropriate planning for the implementation of the Convention priorities. In this regard the COP would provide the Council of the GEF, in anticipation of its replenishment exercise, with an assessment of the funding needed to assist affected developing country Parties in implementing the Convention.

IV. POSSIBLE ACTION BY THE FIFTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UNCCD

23. The Conference of the Parties, having reviewed the report by the Executive Secretary on the GEF decisions concerning assistance to the implementation of UNCCD, may wish to request the Executive Secretary:

a) to undertake the appropriate consultations with the GEF secretariat on its behalf, with a view to developing, among others, a memorandum of understanding between the Conference of the Parties to the UNCCD and the GEF Council, regarding the support of the GEF to the implementation of the Convention, in full conformity with the policies, strategies and priorities agreed by the Parties;

b) to ensure that this memorandum of understanding recognizes the GEF as a principal financial mechanism for the implementation of the UNCCD, as per article 21 of the Convention, and to explore modalities for anticipating funding needs, and for defining the focal area envelope in advance of the GEF replenishment, as well as for defining provisions for periodic reporting, monitoring and evaluation of the GEF support, bearing in mind that the financing of enabling activities, as well as the provision of catalytic funding for priority activities, should occupy a central role in the GEF window to support the implementation of the UNCCD;

c) to closely follow-up, and report to the sixth session of the Conference of the Parties on all actions leading to the furtherance of the May 2001 GEF Council decision and the eventual amendment of the GEF Instrument to specify its support to the implementation of the UNCCD.

- - - - - -